

REDC



Checking the Financial Health of the Nation

The Bank of Ireland Financial Wellbeing Index

Marketing Society Research Excellence Awards Showcase
28th January 2021



The Brief from Bank of Ireland



Brand Purpose



Enabling customers, colleagues and communities to thrive



Macro Objective



To improve national financial resilience, thereby enabling customers to financially thrive.
To track this measure of national financial wellbeing over time.

Micro Objectives



To provide robust evidence on financial product ownership and consumers' financial behavior.
To comprehensively understand consumer's financial lives, literacy and vulnerability, to assist in the delivery of strategy, products and services.

Ultimate Goal



To derive an index to define the spectrum of vulnerability which can be split into groups from the most to the least vulnerable.



Stage 1: Desk Research

A review of international research on financial wellbeing, with focus on FCA (UK) and CFSI (USA) studies. This helped establish the type of information required to develop the index.



Stage 2: Questionnaire Design

A questionnaire was designed to allow calculations of different measures of wellbeing, capturing information on holdings of financial products and consumer financial attitudes and behaviours.



Stage 3: Data Collection

An online survey using RED C's own consumer panel RED C Live, with a F2F boost for over 65's. The initial benchmark was based on a nationally representative sample of n=2,246 adults in ROI aged 18+.*

* Subsequent updates have been run using RED C's online omnibus and are based on a nat-rep samples of n=1,000 adults in ROI aged 18+.



Stage 4: Developing the Index

Working closely with the Bank of Ireland team, we interrogated the data and identified a preferred method for calculating the wellbeing index, along with wellbeing segments.



Stage 5: Presenting the Results

The results of the research were presented to a wide audience in the bank, detailing the wellbeing index and a thorough examination of how this differed across the various segments.



Stage 6: Developing a Toolkit

RED C assisted Bank of Ireland with the development of an online financial wellbeing assessment tool based on the model used in the survey and a refined algorithm.

Choosing the Model



MODEL A



Desk research identified two key models – that used by the UK’s Financial Conduct Authority (FCA) and another used by the Financial Health Network (FHN) in the US.



BASIS FOR PREFERRED MODEL

MODEL B



The final Bank of Ireland Wellbeing Index is based around the FHN model, **with a number of modifications made to adapt it to the Irish market.**

Intuitive

Ability to classify consumers into four segments based on eight key questions

Inclusive

Represents everyone within the marketplace

Differentiating

Easily highlights what makes the customer segments different

Easy to Explain

Easy to describe to others what the customer segments are

Ease of Use

Easy to replicate algorithm within the bank/organisation

Proven

First used in the USA in 2014 and subsequently updated annually

NOTE: When conducting the benchmark study, we included questions in the survey that allowed us to calculate both the FCA and FHN measures, so that we could compare them alongside each other. Subsequent waves have focussed on the approach used by the FHN.

Identifying the four pillars of financial wellbeing



Financial Wellbeing Pillars

Spend



1. Are they spending more / same / less than their income over the past 12 months?
2. Are they paying bills on time?

Save



3. How long could they last if they had to live off just their savings to make ends meet?
4. Do they have enough money saved to meet their long term financial goals?

Borrow



5. How would they describe their current level of debt?
6. How would they rate their credit history or credit rating?

Plan



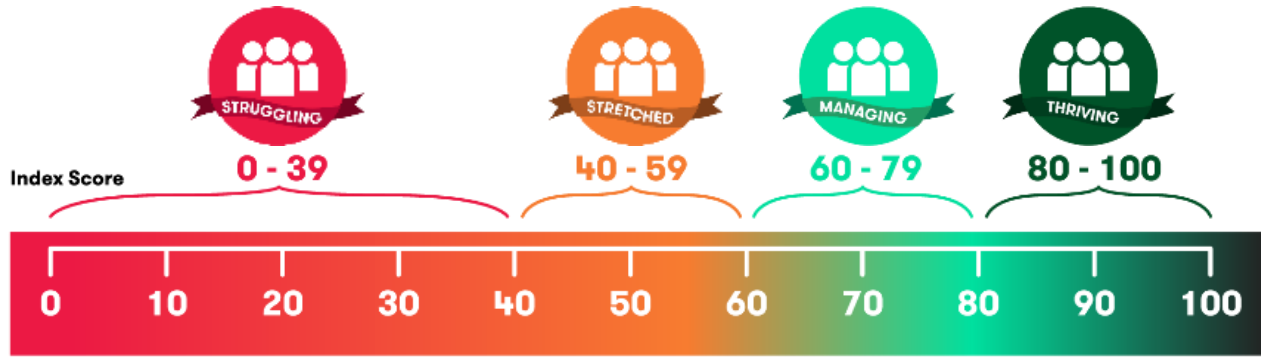
7. Are they confident their insurance policies will cover them in an emergency?
8. Do they plan ahead to cover upcoming expenses?



All eight questions are included in the online survey questionnaire, from which an algorithm was developed to derive an overall financial wellbeing score.

Revealing the Wellbeing Segments

We identified four key Wellbeing segments in Ireland based on their index score



0-39

Struggling to keep their heads above water and have few financial buffers.



60-79

Live within their means, manage to pay bills and better ability to provide for future e.g. insurance, pensions.



40-59

Live within their means from pay check to pay check with little ability to save/think about future.



80-100

Income allows them to spend well within their means and comprehensively provide for their future financials.



The Financial Wellbeing Index

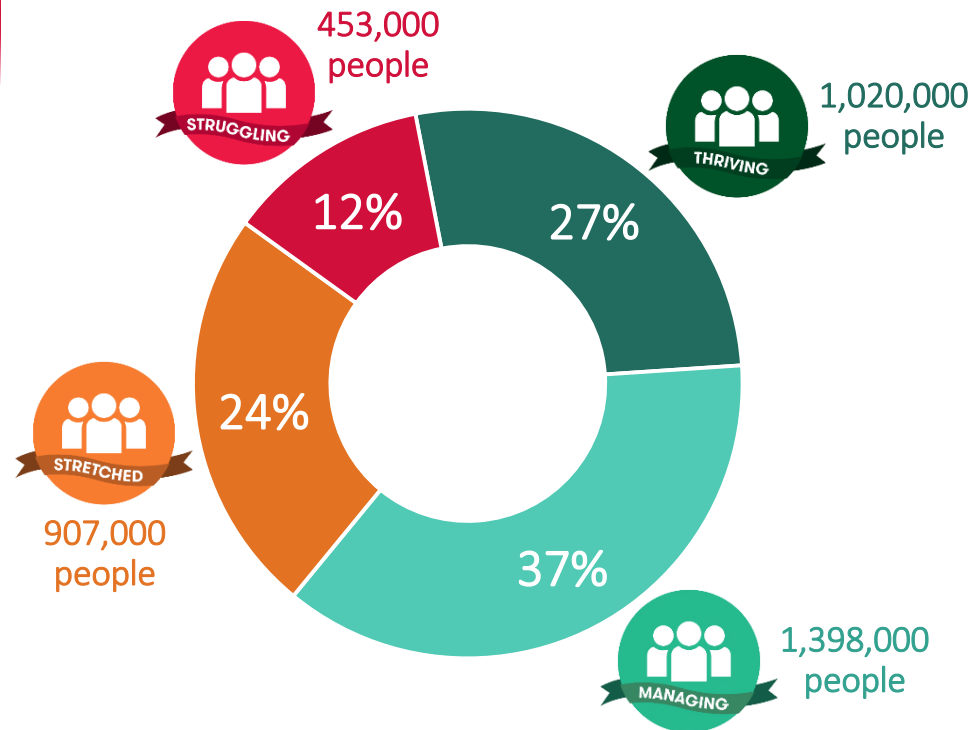
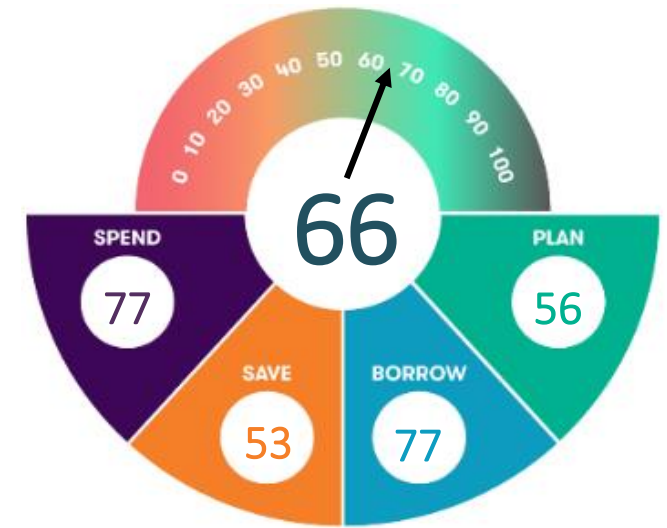
Ireland's overall Financial Wellbeing score is 66 – as a nation, we fall into the **Managing** segment.

Our high scores for 'spending' and 'borrowing' puts us in a quite healthy position.

But our overall score is dragged down by our poor score for 'saving' and 'planning' ahead.

These were identified as clear opportunity areas where the bank can help improve peoples' financial wellbeing.

Ireland's Financial Wellbeing Index October 2020



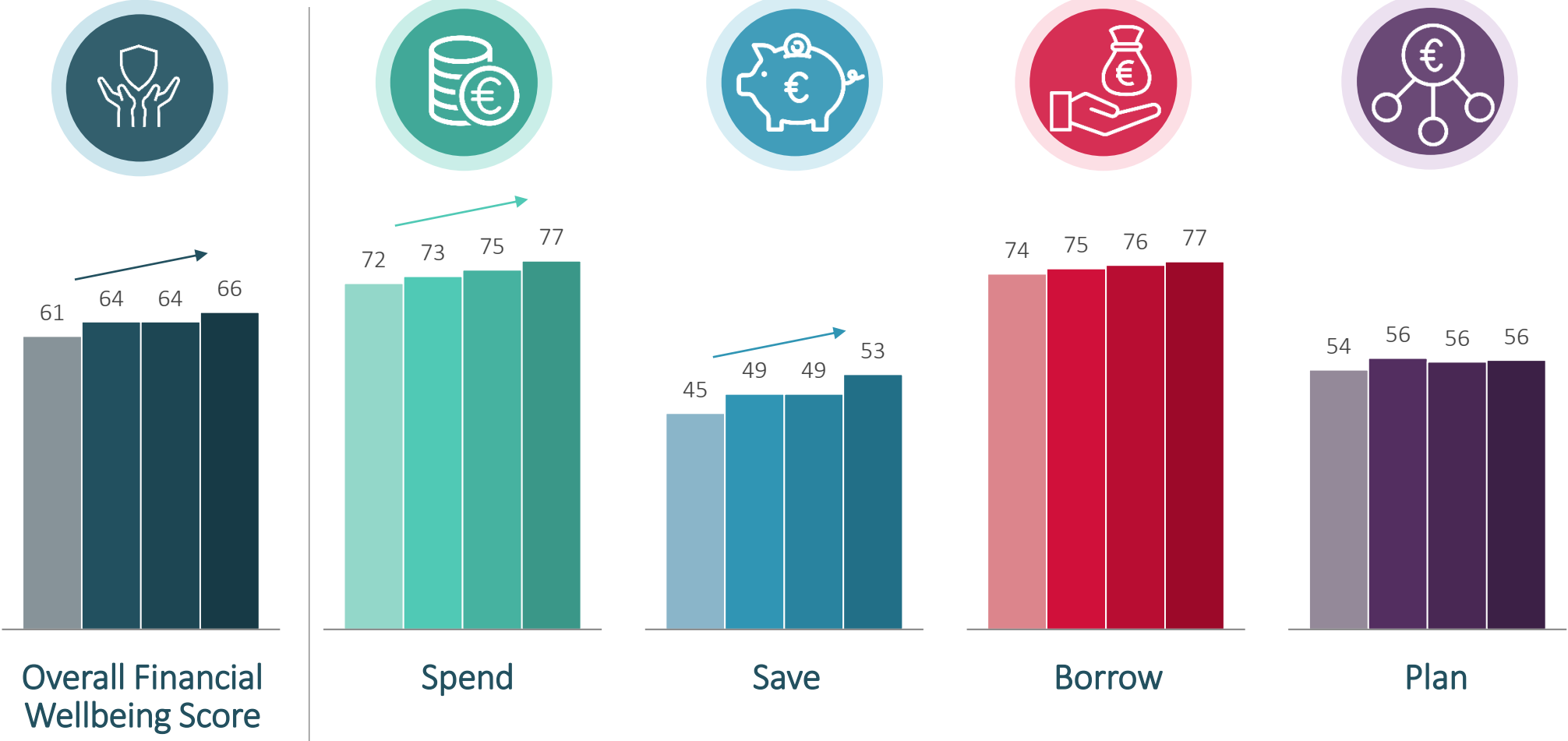
Distribution of Wellbeing Segments in Ireland October 2020

Financial Wellbeing is on the rise



Subsequent waves of research shows that Financial Wellbeing at an overall level has not been adversely affected by the Covid-19 pandemic, with people spending less (increase in 'spend' score) and saving more.

Change in financial wellbeing score over time
Index 0-100



Note: a higher spend score is more positive as it relates to fewer people over-spending



Bank of Ireland is rolling out a Financial Wellbeing programme



The development of the Financial Wellbeing Index formed the basis from which a full programme has been developed by the Bank, aimed at assessing the financial wellbeing of customers and advising them on available products and services that are best suited to their particular needs.

Objectives of the Bank of Ireland Financial Wellbeing Programme



Launch the Financial Wellbeing Index

Aim is to build a strong financial wellbeing foundation and for BOI to become known for developing financial literacy and capability. An investment of over €5m to support the start of the programme. Opening of Vulnerable Customer unit.



Wider roll-out across the bank

This included the launch of a Financial Wellbeing campaign, redesign of the financial needs review process, and increasing reach to youth and senior audiences. Designated Financial Wellbeing Coaches located across the country.



Embed Financial Wellbeing in all the bank's work

The ultimate goal is for BOI to become the National Champion for Financial Wellbeing, with the programme supporting the growth of the brand

Including an online tool for easy use by all customers



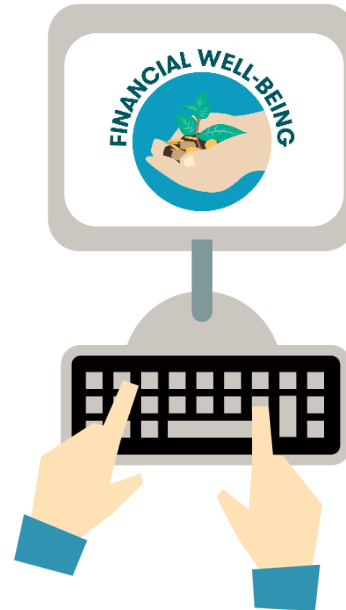
This was proactively sent out to customers to complete, and now sits on the website for ready access

Online Financial Wellbeing Healthchecks

This is an online tool for consumers and businesses to check their own Financial Wellbeing score and access a range of supports to help them begin their Financial Wellbeing Journey.

It was developed specifically by using the same eight key questions and algorithm used in calculating the Financial Wellbeing index in the research.

Customers who check their own score will also be able to sign up for seminars and one-to-one financial adviser meetings.

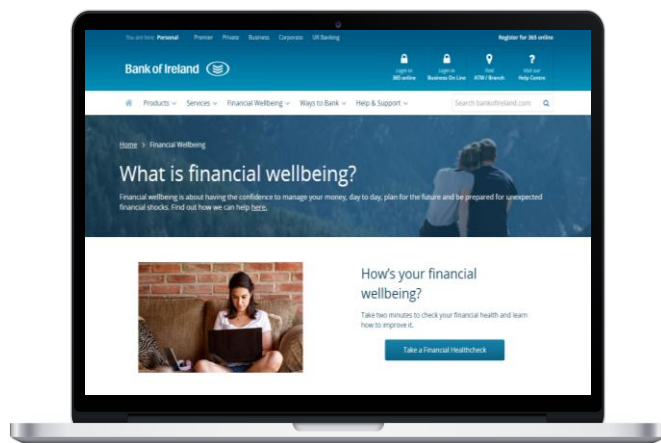


Significant evidence of business impact

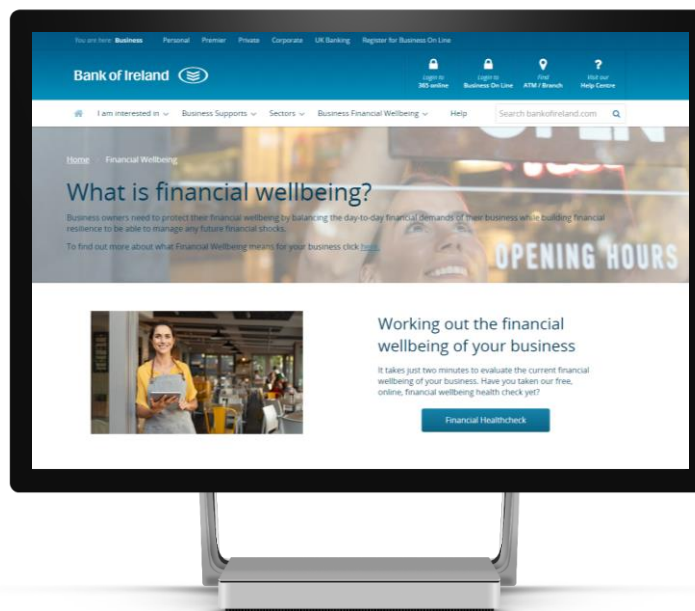


250,000+

visits to the Bank of Ireland
Financial Wellbeing hub website

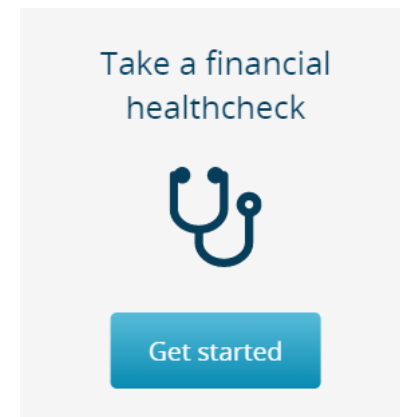


<https://personalbanking.bankofireland.com/financial-wellbeing/>



100,000+

online financial wellbeing
health-checks completed
using an algorithm
developed from the
Financial Wellbeing Index



<https://personalbanking.bankofireland.com/financial-wellbeing/financial-wellbeing-self-assessment/>

100,000+

financial wellbeing meetings
conducted with Bank of
Ireland customers in-branch
and over the phone



RESEARCH
EVALUATION
DIRECTION
CLARITY

See More, Clearly

REDC

